



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, EUROPE, AND SEVENTH ARMY
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MEMORANDUM FOR SEE DISTRIBUTION

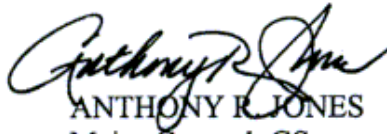
SUBJECT: Uniformed Services Thrift Savings Plan

This memorandum expires in 1 year.

1. Soldiers who would like to set aside money for retirement have the option to take part in a new, Government-sponsored retirement savings and investment program: the Uniformed Services Thrift Savings Plan (Uniserv TSP). The Uniserv TSP allows active-duty and Reserve component military personnel to invest their money and receive tax-deferred advantages similar to those provided by a 401(k) plan.
2. The enclosure provides policy, procedures, and responsibilities for implementing the Uniserv TSP in USAREUR. Commanders will support the implementation and ensure that soldiers are provided the information they need to make informed decisions about their financial future.

FOR THE COMMANDER:

Encl


ANTHONY R. JONES
Major General, GS
Chief of Staff

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UNIFORMED SERVICES THRIFT SAVINGS PLAN

1. REFERENCES

- a. Public Law 106-65, Section 661.
- b. Public Law 106-398, Section 661.
- c. Section 8433(i), title 5, United States Code (5 USC 8433(i)).
- d. 37 USC 206.
- e. Title 5 and Title 10, Code of Federal Regulations (CFR).
- f. Internal Revenue Code (IRC).
- g. DOD Directive 1341.4, Thrift Savings Plan.
- h. DOD Financial Management Regulation (DODFMR), volume 7a, chapter 51, Savings Deposit Program.
- i. DODFMR, volume 7c, chapter 10, TSP.
- j. Thrift Savings Plan (TSP) website at <http://www.tsp.gov>.
- k. Employee/Member Self Service (E/MSS) website at <http://www.dfas.mil/emss>.
- l. TSP bulletins.
- m. Message, HQDA, DAPE-PRR-C, 030826Z Oct 01, Uniserv TSP Implementing Policy for Army.

2. GENERAL

The Thrift Savings Plan (TSP) was established for civilian employees as a retirement savings and investment plan in 1986. The National Defense Authorization Act (NDAA) for fiscal year 2000 (Public Law 106-65), amended by the NDAA for fiscal year 2001 (Public Law 106-398), authorized the Uniformed Services Thrift Savings Plan (Uniserv TSP) for military personnel.

- a. The Uniserv TSP is similar to a 401(k) savings plan. It allows personnel to invest their money and receive tax-deferred advantages that remain exempt.
- b. The Federal Retirement Thrift Investment Board (FRTIB) administers the Uniserv TSP and provides regulatory guidance and training to agencies.
- c. The National Finance Center (NFC), New Orleans, Louisiana, serves as the Uniserv TSP recordkeeper. The NFC will maintain accounts and provide semiannual statements to Uniserv TSP participants.

3. RESPONSIBILITIES

- a. The Military Plans and Policy Division, Office of the Deputy Chief of Staff, Personnel and Installation Management, HQ USAREUR/7A (AEAGA-M), is responsible for—
 - (1) USAREUR Uniformed Services Thrift Savings Plan (Uniserv TSP) policy.
 - (2) Coordination with other USAREUR agencies that have implementation responsibilities to resolve issues that may prevent timely Uniserv TSP implementation.

b. 1st Personnel Command (1st PERSCOM) will publish casualty-assistance and transition-service procedures that may affect the Uniserv TSP according to this plan and the references in paragraph 1.

c. Army Community Service (ACS) financial counselors will help teach soldiers about financial management when requested by commanders.

4. ENROLLMENT

Soldiers on active duty and in the Army Reserve may voluntarily take part in the Uniserv TSP. Enrollment is not automatic and must be at the request of the soldier during an open season or by accession.

a. TSP Open Seasons and Accession Enrollment.

(1) **Special Open Season.** Soldiers may elect to take part in the Uniserv TSP during the special open season from 9 October 2001 to 31 January 2002. Deductions will begin the first pay period after the Uniserv TSP election is received, but not before the first applicable pay period in January 2002.

(2) **Regular Open Season.** Soldiers who do not enroll during the special open season will have two regular open seasons each year to enroll: 15 November to 31 January and 15 May to 31 July. Soldiers may start or change their elections during regular open seasons. Contributions will not begin before the last full month of the regular open season (the election period).

(3) **Accession Enrollment.** Soldiers who join the Army after the special open season or rejoin following a break in service may elect to take part in the Uniserv TSP within 60 days after the date of joining or rejoining as defined under 37 USC 206 (when a soldier becomes eligible for basic pay or compensation). Enrollment is effective by the first full pay period after the election form is received. Soldiers who do not enroll during this 60-day period may enroll during a regular open season ((2) above).

b. Enrollment Procedures. Soldiers may enroll in the Uniserv TSP using either of the following options:

(1) **Electronic Submission.** Soldiers may enroll on-line through the Employee/Member Self Service (E/MSS) website at <http://www.dfas.mil/emss>. Soldiers will need a personal identification number (PIN) and a computer browser with at least 128-bit encryption capability to enroll on-line. The Defense Finance and Accounting Service (DFAS) sent E/MSS PINs to soldiers earlier this year. Soldiers who do not have a PIN, have forgotten it, or did not have it activated may obtain a new PIN at <https://emss.dfas.mil/emss.htm> (click on “Forgot your PIN?”). Soldiers who have a PIN will—

(a) Click on “E/MSS Enter Here,” “Request Access,” and enter their social security number and PIN.

(b) Select “Army Pay Changes.”

(c) Select “TSP” in the “Change Pay Menu.” The next screen provides information on the TSP and options for contributing to the TSP from the soldier’s base pay salary, which is a prerequisite for continued enrollment.

(d) Select “Yes” to continue the enrollment.

(e) Enter the percentage of basic pay to contribute, and special, incentive, or bonus pay, if applicable.

(f) Enter a mailing address (4-line street address or an APO number listed at the end). This address must be entered correctly for the FRTIB to send the enrollee a welcome packet. The packet will include another PIN for the TSP website that enables the soldiers to make election and contribution changes, fund transfers, and other TSP transactions.

(g) Print a copy of the confirmation screen as a record of the enrollment and effective date.

(2) TSP-U-1 Election Form. Soldiers may enroll in the Uniserv TSP by completing a TSP-U-1 election form and submitting it through the local personnel administration center (PAC). This form may be downloaded from the TSP website or obtained from PACs and ACS facilities. Soldiers may use this form to start or stop TSP contributions.

(a) PACs will ensure that forms are accurately prepared before section V (For Service Use Only) is completed. The PAC supervisor or designated representative will sign item 20 as the “service official” and enter the receipt date on item 21. PACs will submit the original to their servicing personnel detachment for filing and a copy to their servicing finance office on a transmittal letter for processing.

(b) The effective date of the election (item 18) will be determined as follows:

1. During the Special Open Season (9 Oct 01 to 31 Jan 02). The TSP election is effective no later than the first pay period after the TSP-U-1 election form is received by the PAC; however, no election may be made effective earlier than January 2002. For forms received between 9 and 20 December 2001, PACs must consult the servicing finance office to determine when the election will be effective (Jan or Feb 02). Forms received after 20 December 2001 and up to 15 January 2002 should be effective in February 2002. Forms received between 15 and 31 January 2002 should be effective in March 2002.

2. During Regular TSP Open Seasons (15 May to 31 Jul and 15 Nov to 31 Jan). Elections made during a regular open season will be made effective no later than the first pay period after the election is received. No election will be made effective earlier than the last month of the open season (for example, July or January).

3. Soldiers Joining or Rejoining the Army. For the purpose of making TSP contribution elections, a soldier is considered to be on active duty on the date that he or she first becomes eligible to receive basic pay. The day following this date is day 1 of the 60-day requirement. Elections made during this 60-day period will be made effective by the PAC no later than the first pay period after the TSP-U-1 election form is received, but no earlier than January 2002.

4. Change in Duty Status. Soldiers in the U.S. Army Reserve called to active duty for more than 30 days, and soldiers leaving active duty and entering the Army Reserve, may make TSP contribution elections within 60 days after their change in duty status. PACs must make the election effective the first pay period after the election is received, but not earlier than January 2002.

c. Resuming Stopped Contributions. The date (item 19) that a soldier is eligible to resume contributions after stopping them is as follows:

(1) If a soldier stops contributions during a TSP open season, he or she may resume them in the next open season.

(2) If a soldier stops contributions outside an open season, he or she must wait until the second open season following the termination to resume contributions.

(3) If a soldier completes section III to stop contributions from basic pay (item 11), this will automatically stop contributions from incentive pay, special pay, and bonus pay. However, a soldier may stop contributing from incentive pay, special pay, or bonus pay and still continue contributions from basic pay. If a soldier stops contributions from a bonus, he or she may elect to reinstate the bonus-pay election at any time.

5. TSP POLICY

a. Contributions and Elections. Soldiers may invest a percentage of their basic pay plus all or any special and incentive pay they receive, including bonus pay, up to the annual limits set by the IRS. The soldier must have elected to contribute basic pay to be eligible to contribute special, incentive, and bonus pay. Elections must be expressed in a whole percentage and made through payroll deduction.

(1) Soldiers may elect to contribute special, incentive, or bonus-pay entitlements that they anticipate receiving. The deduction will be made when the soldier becomes entitled and will continue until the entitlement ends or the soldier changes the option.

(2) Soldier contributions will first be allocated to the Government securities investment (G) fund. Once the soldier's account is established, the soldier will receive a welcome packet with a PIN. After the soldier receives a PIN, the soldier has the option to make allocations to any of the five investment funds using either the TSP website, TSP-U-50 form (TSP Investment Allocation), or by calling the TSP Thrift Line at (504) 255-8777.

(3) Soldiers in the Army Reserve who are ordered to continuous active duty for over 30 days and soldiers on active duty who are later assigned to the Army Reserve in any status may make TSP elections outside an open season provided the elections are made within the first 30 days after assignment to active Army Reserve status.

(4) The maximum amount a soldier may contribute will not exceed 7 percent of his or her basic pay (or compensation received under 37 USC 206) for any pay period in 2002, but may be increased according to table 1. Although maximum contribution limits will be abolished in 2006, soldiers will still be subject to annual limits set by the IRS.

Table 1	
Pay-Period Contributions	
Pay Period	Contribution Limit
2002	7 percent
2003	8 percent
2004	9 percent
2005	10 percent
2006 and later	Unlimited

(5) A soldier may contribute up to 100 percent of his or her special, incentive, or bonus pay subject to annual limits set by the IRS. Incentive pays include parachute and aviation career incentive pay. Special pay includes hostile-fire or imminent-danger pay (HFP/IDP), hardship duty-location or -mission pay, special duty assignment pay, foreign language proficiency pay, and diving duty pay. The total contributed may not exceed the IRS deferral limit provided in IRC 402(g), which will be \$11,000 for tax year 2002 and increase \$1,000 each year up to a maximum of \$15,000 in 2006.

b. Contributions From Combat Zone Tax-Exempt Pay. When a soldier serves in a combat zone tax exclusion (CZTE) area or qualified hazardous duty area (QHDA), compensation received for active service is excluded from gross income as allowed in the IRC, section 112. The following policy applies:

(1) The total compensation for enlisted soldiers and warrant officers is excluded.

(2) The compensation for commissioned officers is excluded only up to a maximum of a senior enlisted pay grade (\$4,893.60 in 2001) plus \$150 HFP/IDP (\$5,043.60), if entitled.

(a) In a month when a commissioned officer's compensation exceeds the maximum exemption, contributions will be taken from tax-excluded pay first.

(b) If an officer is eligible to contribute more than the tax-exempt amount, contributions will be taken from the taxable pay up to the elected amount.

(3) When a soldier has CZTE-contributed compensation, it is not subject to the limits of the IRC 402(g), which is \$11,000 for 2002. However, it is subject to the limit of the IRC 415(c), which is \$40,000 for 2002. Since all contributions to TSP are deferred, the soldier CZTE contributions will be tax-free when withdrawn from TSP.

NOTE: Basic pay or compensation received under 37 USC 206 (Army Reserve pay for inactive duty training) will not exceed the 7-percent limit in the IRC 402(g) or \$11,000 for 2002.

c. IRC Limits. Two provisions of the IRC limit the dollar amount of TSP employee contributions. These limits apply in addition to the limit on contributions from basic pay. If a soldier's contributions exceed these limits, the soldier may request a refund of soldier contributions and associated earnings from the TSP using TSP form "Request for Return of Excess Employee Contributions to Participant," which can be obtained from the NFC. The completed form must be returned to the NFC by 20 February of the year after the excess contributions were made.

(1) IRC 402(g) Limit on Elective Deferral.

(a) IRC 402(g) limits the amount an individual may save on a tax-deferred basis through retirement savings plans. The limit will be \$11,000 for 2002 and will increase by \$1,000 each year to a maximum of \$15,000 in 2006. The TSP will not accept soldier contributions that exceed the IRC 402(g) limit.

(b) If a soldier contributes to a civilian TSP account or to another qualified employer plan described in the IRC, sections 401(k), 403 (b), and 408(k), and the total employee contributions from taxable income made to all plans exceed the IRC 402(g) limit, the soldier may request a refund of employee contributions from the TSP to conform with the limit.

NOTE: Contributions from tax-free CZTE and QHDA compensation are not taken into consideration when determining the application of the IRC 402(g) limit.

(2) IRC 415(c) Limit on Contributions to Qualified Plans. Section 415(c) of the IRC also places an annual limit on the combined amount that can be contributed to the TSP and to all other qualified employer plans described in the IRC. The limit for 2002 will be \$40,000.

(a) For the purposes of applying this limit, compensation includes tax-free CZTE and OHDA compensation and is taken into consideration when determining application of the IRC 415(c) limit (c above). Officer compensation above the CZTE limit must be applied to the IRC 402(g) limit. For enlisted soldiers and warrant officers there is no CZTE limit, which means that all compensation may be applied to the 415(c) limit.

(b) If a soldier contributes to a civilian TSP account and to the Uniserv TSP account in a single calendar year, the annual limit on contributions will be determined from the participant's combined military and civilian compensation.

d. Matching Contributions. The law provides for matching funds in limited instances at the discretion of the service secretary. There are also provisions for special retention incentives in the form of matching funds. At this time, the Secretary of the Army has not identified critical specialties to receive matching funds. When these decisions are made, they will be announced separately.

e. Terminating TSP. A soldier may elect to stop contributing to the TSP at any time. The stop request will be effective at the end of the pay period in which the stop election was accepted by the soldier's servicing PAC. Soldiers who terminate basic pay contributions must terminate all other elective deferrals. Soldiers who terminate special, incentive, or bonus pay contributions do not need to terminate basic pay contributions.

f. TSP Loan Program. All TSP participants may obtain TSP loans under 5 USC 8433(i). Application is made directly to the FRTIB, which repays the DFAS. The soldier must have at least \$1,000 in contributions and earnings to obtain a loan. The two types of loans are residential and general.

(1) The Federal Employees Retirement System Act of 1986 and the IRC govern the maximum loan amount. The following rules apply:

(a) A soldier may not borrow more than the amount of the soldier's own contributions and earnings.

(b) If a soldier has not had an outstanding TSP loan within the past year and the soldier's contributions and earnings are \$10,000 or less, the soldier may borrow up to the full amount of his or her contributions and earnings.

(c) If a soldier has had an outstanding TSP loan within the past 12 months or the soldier's contributions and earnings are greater than \$10,000, the soldier should use the worksheet in the TSP publication on loans to estimate the maximum amount he or she may borrow.

(d) Soldiers may not borrow more than \$50,000.

(e) If a soldier has both a civilian TSP account and a Uniserv TSP account, the maximum loan amount applies to the combined accounts and not to each account separately.

(2) The interest rate will be the posted rate for the G fund at the time the terms of the loan are established. The rate is fixed at that level for the life of the loan, and the interest paid on the loan will go back to the soldier's TSP account. The interest paid is not tax-deductible.

(3) When a participating soldier has contributions that are made from tax-exempt pay and tax-deferred pay, the loan principle will be made and repaid on a pro rata basis from these funds.

(4) Loan repayment will be made by allotment from the soldier's basic pay.

g. Separation Options.

(1) When separating from the Army, soldiers may—

(a) Receive a Single Payment. All or a portion of the account may be transferred to an individual retirement account (IRA) or other eligible retirement plan (for example, 401(k), civilian TSP account). Tax-exempt contributions to the TSP are not eligible for transfer to an IRA or other eligible retirement plan. These contributions will be paid directly to the soldier. Earnings attributable to tax-exempt contributions, however, are eligible for transfer to an IRA or other eligible retirement plan.

(b) Request a Series of Monthly Payments. Monthly payments will be based on a dollar amount, a number of months, or the soldier's life expectancy. All or a portion of certain monthly payments may be transferred to an IRA or other eligible retirement plan.

(c) Request a TSP Annuity. A soldier must have at least \$3,500 in the account to purchase an annuity.

(d) Leave the Money in the TSP. If a soldier decides to leave the money in the TSP, the account will continue to accrue earnings. The soldier must begin withdrawing from the account no later than 1 April of the year following the year the he or she turns 70½ and is separated from service.

(2) The release of a soldier from active duty before the end of the 31-day period beginning on the day following the effective date of release will be considered a separation from service if the release is not followed by one of the following actions:

(a) A resumption of active duty.

(b) An appointment to a position covered by title 5 CFR, chapter 83, or an equivalent retirement system as identified by the executive director appointed by the FRTIB in regulations.

(c) An assignment to the Army Reserve in any pay status.

(3) The transfer of a soldier to inactive status (except for assignment to the Army Reserve in any pay status) or to a retired list pursuant to any provision of the CFR, title 10, will be considered a separation from service.

h. Financial Hardship Withdrawal. A soldier may request a hardship withdrawal if the withdrawal meets certain conditions. The soldier must demonstrate financial hardship and have at least \$1,000 in contributions. Application is made directly to the TSP for approval. The TSP website provides more guidance and procedures on hardship withdrawals.

i. National Guard and Army Reserve Soldiers. Additional guidance on the TSP will be provided through National Guard and Army Reserve channels.

6. RESOURCES

a. Community central processing facilities and inprocessing training centers will make TSP information available to all incoming soldiers.

b. Servicing finance offices will receive and process TSP-U-1 election forms from PACs and help supported PSDs calculate effective dates based on processing cut-off dates.

c. National Guard and Army Reserve soldiers will receive implementing supplemental guidance from the National Guard Bureau and the Office of the Chief, Army Reserve.

d. The Army Benefits Center - Civilian (ABC-C) is responsible for customer service support for the total Army force (National Guard, Army Reserve, and regular Army), to include general program inquiries and claim processing.

e. Information brochures and election forms may be downloaded from the TSP website. The shipment of informational material, forms, booklets, and election forms is pending. When this material arrives, notification will be sent separately with requisition instructions.

f. The following TSP publications may be ordered through unit and agency publications and forms channels or obtained on-line through the USAREUR Publications Systems at <https://upubs.army.mil>:

(1) Thrift Savings Plan - Withdrawing Your TSP Account (TSP BK-02).

(2) Guide to TSP Investments (TSP BK-03) (US MISC PUB 600-37-03).

(3) Thrift Savings Plan Loan Program (TSP BK-04).

(4) Thrift Savings Plan Annuities (TSP BK-05).

(5) Summary of the Thrift Savings Plan for the Uniformed Services (TSP BK-U-08) (US MISC PUB 600-37-8).

(6) Thrift Savings Plan - Information About Court Orders (TSP BK-11).

- (7) Thrift Savings Plan - In-Service Withdrawals (TSP BK-12).
- (8) Thrift Savings Plan - Start On The Right Track (TSPLF02).
- (9) You Could Wait Until Your Ship Comes In (TSPLF03).
- (10) Thrift Savings Plan - You May Think The TSP Is Not For You (TSPFL04).
- (11) TSP Poster (Small) - Signs of the Future (US MISC PUB 600-37-07, Item Number 412331).
- (12) TSP Poster (Large) - Signs of the Future (US MISC PUB 600-37-05, Item Number 412230).

7. CLAIM PROCEDURES

a. A soldier may file a claim for lost earnings on certain contributions that, as result of service error, were not invested when they should have been nor returned to the soldier. A service error occurs when the unit, finance office, PSD, or DFAS did not follow normal business practices and applicable statutes, regulations, and administrative procedures.

b. Claims will be sent through the soldier's command to the Army Benefits Center - Civilian, 301 Marshall Avenue, Fort Riley, KS 66442, for processing and adjudication according to DODD 1341.4. On approval, the ABC-C will forward claims to DFAS for processing.

8. BUSINESS PRACTICES

In regards to this plan, USAREUR defines normal business practice as "service processing a TSP election within 2 processing months after receipt of the election." For example, if a soldier submits a Uniserv TSP election form to his or her PAC in January before the January processing cutoff date, the election should appear in the soldier's pay account by the processing cutoff date of the following month. The following are normal business practices for this example:

a. The TSP election is processed by the PAC on 15 January and received in the finance office 17 January. The TSP election appears on the soldier's pay account by the processing cutoff date of January and the deduction is made in February.

b. The TSP election is processed by the PAC on 15 January and received by the finance office after the processing cutoff date. The TSP election is processed before the cutoff date for February and the deduction is made in March.

9. POINTS OF CONTACT

a. The POC for USAREUR TSP policy is Mr. Rivera (AEAGA-M), DSN 370-7314 or e-mail: riveraa@hq.hqusareur.army.mil.

b. The 1st PERSCOM POC is Chief Warrant Officer 4 Love (AEUPE-PSSD-PSD-FSB), DSN 379-6250 or e-mail: dudley.love@hq.1perscom.army.mil.

c. The 266th Finance Command POC is Sergeant First Class Taylor (AEUFC-FAPD-FS), DSN 379-5162 or e-mail: taylorgl@266fc.heidelberg.army.mil.

d. The USAREUR ACS POC is Mr. Andrews (AEAGA-GY), DSN 370-8953 or e-mail: andrewsm@hq.hqusareur.army.mil.